



General Assembly

January Session, 2009

Governor's Bill No. 6366

LCO No. 3032

03032_____

Referred to Committee on Banks

Introduced by:

REP. CAFERO, 142nd Dist.

SEN. MCKINNEY, 28th Dist.

AN ACT CONCERNING CONSUMER CREDIT LICENSEES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 36a-51 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2009*):

4 (c) Any licensee may surrender any license issued by the
5 commissioner under any provision of the general statutes by [filing
6 with the commissioner written notice that such license is surrendered]
7 surrendering the license to the commissioner in person or by
8 registered or certified mail, but such surrender shall not affect the
9 licensee's civil or criminal liability, or affect the commissioner's ability
10 to impose an administrative penalty on the licensee pursuant to section
11 36a-50 for acts committed prior to the surrender. If, prior to receiving
12 [written notice of a licensee's intent to surrender its license] the license,
13 the commissioner has instituted a proceeding to suspend, revoke or
14 refuse to renew such license, such surrender will not become effective
15 except at such time and under such conditions as the commissioner by
16 order determines. If no proceeding is pending or has been instituted by

17 the commissioner at the time of surrender, the commissioner may still
18 institute a proceeding to suspend, revoke or refuse to renew a license
19 under subsection (a) of this section up to the date one year after the
20 date of receipt of the license by the commissioner.

21 Sec. 2. Subsection (b) of section 36a-486 of the general statutes is
22 repealed and the following is substituted in lieu thereof (*Effective*
23 *October 1, 2009*):

24 (b) No person licensed as a mortgage lender, mortgage
25 correspondent lender or mortgage broker shall employ or retain a
26 mortgage loan originator unless such mortgage loan originator is
27 licensed under sections 36a-485 to 36a-498a, inclusive, as amended by
28 this act. No individual may act as a mortgage loan originator without
29 being licensed, or act as a mortgage loan originator for more than one
30 person. The license of a mortgage loan originator is not effective
31 during any period when such mortgage loan originator is not
32 associated with a licensed mortgage lender, mortgage correspondent
33 lender or mortgage broker, or during any period in which the license
34 of the mortgage lender, mortgage correspondent lender or mortgage
35 broker with whom such originator is associated has been suspended.
36 Either the mortgage loan originator or the mortgage lender, mortgage
37 correspondent lender or mortgage broker may file a notification of the
38 termination of employment of a mortgage loan originator with the
39 Nationwide Mortgage Licensing System.

40 Sec. 3. Section 36a-489 of the general statutes is repealed and the
41 following is substituted in lieu thereof (*Effective October 1, 2009*):

42 (a) If the commissioner finds, upon the filing of an application for a
43 license as a mortgage lender, mortgage correspondent lender or
44 mortgage broker, that the applicant meets the requirements of
45 subsection (a) of section 36a-488, and that the financial responsibility,
46 character, reputation, integrity and general fitness of the applicant and
47 of the partners thereof if the applicant is a partnership, of the members
48 if the applicant is a limited liability company or association, and of the

49 officers, directors and principal employees if the applicant is a
50 corporation, are such as to warrant belief that the business will be
51 operated soundly and efficiently, in the public interest and consistent
52 with the purposes of sections 36a-485 to 36a-498a, inclusive, as
53 amended by this act, and sections 36a-760a to 36a-760h, inclusive, the
54 commissioner may thereupon issue the license. If the commissioner
55 fails to make such findings, or if the commissioner finds that the
56 applicant has made a material misstatement in such application, the
57 commissioner shall not issue a license, and shall notify the applicant of
58 the denial and the reasons for such denial. Any denial of an
59 application by the commissioner shall, when applicable, be subject to
60 the provisions of section 46a-80.

61 (b) Upon the filing of an application for a mortgage loan originator
62 license, the commissioner shall license the mortgage loan originator
63 named in the application unless the commissioner finds that such
64 applicant or mortgage loan originator has made a material
65 misstatement in the application or that the financial responsibility,
66 character, reputation, integrity and general fitness of such mortgage
67 loan originator are not such as to warrant belief that granting such
68 license would be in the public interest and consistent with the
69 purposes of sections 36a-485 to 36a-498a, inclusive, as amended by this
70 act, and sections 36a-760a to 36a-760h, inclusive. If the commissioner
71 denies an application for a mortgage loan originator license, the
72 commissioner shall notify the applicant and the proposed mortgage
73 loan originator of the denial and the reasons for such denial. Any
74 denial of an application by the commissioner shall, when applicable,
75 be subject to the provisions of section 46a-80.

76 (c) Withdrawal of an application for a license filed under subsection
77 (a) or (b) of this section shall become effective upon receipt by the
78 commissioner of a notice of intent to withdraw such application. The
79 commissioner may deny a license up to the date one year after the
80 effective date of withdrawal.

81 Sec. 4. Subsection (e) of section 36a-490 of the general statutes is
82 repealed and the following is substituted in lieu thereof (*Effective*
83 *October 1, 2009*):

84 (e) Each mortgage lender, mortgage correspondent lender,
85 mortgage broker and mortgage loan originator license shall remain in
86 force and effect until it has been surrendered, revoked, suspended or
87 expires, or is no longer effective, in accordance with the provisions of
88 [sections 36a-485 to 36a-498a, inclusive] this title.

89 Sec. 5. Subsection (b) of section 36a-492 of the general statutes is
90 repealed and the following is substituted in lieu thereof (*Effective*
91 *October 1, 2009*):

92 (b) The surety company shall have the right to cancel the bond at
93 any time by a written notice to the licensee stating the date cancellation
94 shall take effect. Such notice shall be sent by certified mail to the
95 licensee at least thirty days prior to the date of cancellation. A surety
96 bond shall not be cancelled unless the surety company notifies the
97 commissioner in writing not less than thirty days prior to the effective
98 date of cancellation. After receipt of such notification from the surety
99 company, the commissioner shall give written notice to the licensee of
100 the date such bond cancellation shall take effect. The commissioner
101 shall automatically suspend the license on such date, unless the
102 licensee prior to such date submits a letter of reinstatement of the bond
103 from the surety company or a new bond or the licensee has ceased
104 business and has surrendered the license in accordance with
105 subsection (a) of section 36a-490. After a license has been automatically
106 suspended, the commissioner shall give the licensee notice of the
107 license suspension proceedings and an opportunity for a hearing on
108 such action in accordance with section 36a-51, as amended by this act,
109 and require the licensee to take or refrain from taking such action as in
110 the opinion of the commissioner will effectuate the purposes of this
111 section.

112 Sec. 6. Section 36a-537 of the general statutes is repealed and the

113 following is substituted in lieu thereof (*Effective October 1, 2009*):

114 The application for a license as a sales finance company shall be on a
115 form prescribed by the commissioner, in writing and under oath,
116 together with such exhibits and other pertinent information as the
117 commissioner may require. The application shall include (1) history of
118 criminal convictions for the ten-year period prior to the date of the
119 application of the applicant; and the partners, if the applicant is a
120 partnership; the members, if the applicant is a limited liability
121 company or association; or the officers, directors and principal
122 employees if the applicant is a corporation; and (2) sufficient
123 information pertaining to the history of criminal convictions, in a form
124 acceptable to the commissioner, on such applicant, partners, directors,
125 members, officers, directors and principal employees as the
126 commissioner deems necessary to make findings under section 36a-
127 541, as amended by this act.

128 Sec. 7. Section 36a-541 of the general statutes is repealed and the
129 following is substituted in lieu thereof (*Effective October 1, 2009*):

130 If the commissioner finds, upon the filing of an application for a
131 license as a sales finance company, that the financial responsibility,
132 character, reputation, integrity and general fitness of the applicant and
133 of the partners thereof if the applicant is a partnership, of the members
134 if the applicant is a limited liability company or association, and of the
135 officers, directors and principal employees if the applicant is a
136 corporation, are such as to warrant belief that the business will be
137 operated soundly and efficiently, in the public interest and consistent
138 with the purposes of sections 36a-535 to 36a-546, inclusive, as amended
139 by this act, the commissioner may thereupon issue the applicant the
140 license. If the commissioner fails to make such findings, or if the
141 commissioner finds that the applicant has made any material
142 misstatement in the application, the commissioner shall not issue a
143 license, and shall notify the applicant of the denial and the reasons for
144 such denial. The commissioner may deny an application if the

145 commissioner finds that the applicant or any partner, member, officer,
146 director or principal employee of the applicant has been convicted,
147 during the ten-year period prior to the date of application, of any
148 misdemeanor involving any aspect of the sales finance business, or any
149 felony. Any denial of an application by the commissioner shall, when
150 applicable, be subject to the provisions of section 46a-80. Withdrawal
151 of an application for a license shall become effective upon receipt by
152 the commissioner of a notice of intent to withdraw such application.
153 The commissioner may deny a license up to the date one year after the
154 date the withdrawal became effective.

155 Sec. 8. Section 36a-556 of the general statutes is repealed and the
156 following is substituted in lieu thereof (*Effective October 1, 2009*):

157 Upon the filing of the required application and license fee, the
158 commissioner shall investigate the facts and, if the commissioner finds
159 that (1) the experience, character and general fitness of the applicant,
160 and of the members thereof if the applicant is a partnership, limited
161 liability company or association, and of the officers and directors
162 thereof if the applicant is a corporation, are satisfactory, (2) a license to
163 such applicant will be for the convenience and advantage of the
164 community in which the applicant's business is to be conducted and
165 (3) the applicant has the capital investment required by this section, the
166 commissioner shall issue a license to the applicant to make loans in
167 accordance with sections 36a-555 to 36a-573, inclusive, as amended by
168 this act. If the commissioner fails to make such findings or finds that
169 the applicant made a material misstatement in the application, the
170 commissioner shall not issue a license and shall notify the applicant of
171 the denial and the reasons for such denial. The commissioner may
172 deny an application if the commissioner finds that the applicant or any
173 member, officer, or director of the applicant has been convicted, during
174 the ten-year period prior to the date of application, of any
175 misdemeanor involving any aspect of the small loan lender business,
176 or any felony. Any denial of an application by the commissioner shall,
177 when applicable, be subject to the provisions of section 46a-80.

178 Withdrawal of an application for a license shall become effective upon
179 receipt by the commissioner of a notice of intent to withdraw such
180 application. The commissioner may deny a license up to the date one
181 year after the date the withdrawal became effective. The capital
182 investment shall be not less than twenty-five thousand dollars for each
183 licensed location in a city or town with a population of ten thousand or
184 more inhabitants and ten thousand dollars for each licensed location in
185 a city or town with a smaller population. Population shall be
186 determined according to the last United States census at the time a
187 license is granted.

188 Sec. 9. Section 36a-557 of the general statutes is repealed and the
189 following is substituted in lieu thereof (*Effective October 1, 2009*):

190 (a) An application for such license shall be in writing, under oath
191 and in the form prescribed by the commissioner, and shall include (1)
192 the history of criminal convictions for the ten-year period prior to the
193 date of the application of the applicant; the members, if the applicant is
194 a partnership, limited liability company or association; or the officers
195 and directors, if the applicant is a corporation, and (2) sufficient
196 information pertaining to the history of criminal convictions, in a form
197 acceptable to the commissioner, on such applicant, members, officers
198 and directors as the commissioner deems necessary to make the
199 findings under section 36a-556, as amended by this act.

200 (b) Withdrawal of an application for a license filed under subsection
201 (a) of this section shall become effective upon receipt by the
202 commissioner of a notice of intent to withdraw such application. The
203 commissioner may deny a license up to the date one year after the date
204 the withdrawal became effective.

205 Sec. 10. Subsection (c) of section 36a-581 of the general statutes is
206 repealed and the following is substituted in lieu thereof (*Effective*
207 *October 1, 2009*):

208 (c) An application for a check cashing license or renewal of such

license shall be in writing, under oath and on a form provided by the commissioner. The application shall set forth: (1) The name and address of the applicant; (2) if the applicant is a firm or partnership, the names and addresses of each member of the firm or partnership; (3) if the applicant is a corporation, the names and addresses of each officer, director, authorized agent and each shareholder owning ten per cent or more of the outstanding stock of such corporation; (4) if the applicant is a limited liability company, the names and addresses of each member and authorized agent of such limited liability company; (5) (i) the history of criminal convictions for the ten-year period prior to the date of the application of the applicant; the members, if the applicant is a firm or partnership; the officers, directors, authorized agent and each shareholder owning ten per cent or more of the outstanding stock of the applicant, if the applicant is a corporation, and (ii) sufficient information pertaining to the history of criminal convictions in a form acceptable to the commissioner on such applicant, members, officers, directors, authorized agent and shareholders as the commissioner deems necessary to make the findings under subsection (e) of his section, as amended by this act; (6) each location where the check cashing business is to be conducted and the type of facility that will be operated at that location; ~~[(6)]~~ (7) the business plan, which shall include the proposed days and hours of operation; ~~[(7)]~~ (8) the amount of liquid assets available for each location which shall not be less than the amount specified in subdivision (7) of subsection (e) of this section, as amended by this act; ~~[(8)]~~ (9) for each limited facility, a copy of the executed contract evidencing the proposed arrangement between the applicant and the employer; and ~~[(9)]~~ (10) any other information the commissioner may require.

Sec. 11. Subsection (a) of section 36a-582 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2009*):

(a) Each applicant for a check cashing license shall pay to the

242 commissioner a nonrefundable initial license fee of two thousand
243 dollars and a nonrefundable location fee of two hundred dollars for
244 each location, except that if such application is filed not earlier than
245 one year before the date such license will expire, the applicant shall
246 pay to the commissioner a nonrefundable initial license fee of one
247 thousand dollars and a nonrefundable location fee of one hundred
248 dollars for each location. Each licensee shall pay to the commissioner a
249 nonrefundable (1) name change fee of one hundred dollars for each
250 application to change a name, and (2) location transfer fee of one
251 hundred dollars for each application to transfer a location. Each license
252 issued pursuant to section 36a-581, as amended by this act, shall expire
253 at the close of business on September thirtieth of the odd-numbered
254 year following its issuance unless such license is renewed, provided
255 any license that is renewed effective July 1, 2007, shall expire on
256 September 30, 2009, unless renewed. Each licensee shall, on or before
257 September first of the year in which the license expires, pay to the
258 commissioner a renewal license fee of one thousand five hundred
259 dollars and a renewal location fee for each location of one hundred
260 dollars for the succeeding two years, commencing October first. In the
261 case of a license that expires on June 30, 2007, each licensee shall, on or
262 before June 1, 2007, pay to the commissioner a renewal license fee of
263 one thousand six hundred eighty-eight dollars and a renewal location
264 fee of one hundred thirteen dollars. Any renewal application filed with
265 the commissioner after September first, or in the case of a license that
266 expires on June 30, 2007, after June 1, 2007, shall be accompanied by a
267 one-hundred-dollar late fee and any such filing shall be deemed to be
268 timely and sufficient for purposes of subsection (b) of section 4-182.
269 Each licensee shall file with the commissioner, not later than
270 September first of each even-numbered year, the information required
271 by subdivision [(7)] (8) of subsection (c) of section 36a-581, as amended
272 by this act.

273 Sec. 12. Subsection (e) of section 36a-581 of the general statutes is
274 repealed and the following is substituted in lieu thereof (*Effective*
275 *October 1, 2009*):

276 (e) Upon the filing of the required application and the applicable
277 license and location fees, the commissioner shall investigate the facts
278 and may issue a license if the commissioner finds that (1) the applicant
279 is in all respects properly qualified and of good character, (2) if the
280 applicant is a firm or partnership, each member of the firm or
281 partnership is in all respects properly qualified and of good character,
282 (3) if the applicant is a corporation, each officer, director, authorized
283 agent and each shareholder owning ten per cent or more of the
284 outstanding stock of such corporation is in all respects properly
285 qualified and of good character, (4) if the applicant is a limited liability
286 company, each member and authorized agent is in all respects
287 properly qualified and of good character, (5) granting such license
288 would not be against the public interest, (6) the applicant has a feasible
289 plan for conducting business, and (7) the applicant has available and
290 shall continuously maintain liquid assets of at least ten thousand
291 dollars for each general facility location and at least two thousand five
292 hundred dollars for each limited facility location specified in the
293 application. The commissioner may deny an application if the
294 commissioner finds that the applicant or any member, officer, director
295 or authorized agent or shareholder owning ten per cent or more of the
296 outstanding stock of the applicant has been convicted, during the ten-
297 year period prior to the date of application, of any misdemeanor
298 involving any aspect of the check cashing services business, or any
299 felony. Any denial of an application by the commissioner shall, when
300 applicable, be subject to the provisions of section 46a-80.

301 Sec. 13. Section 36a-596 of the general statutes is repealed and the
302 following is substituted in lieu thereof (*Effective October 1, 2009*):

303 As used in sections 36a-595 to 36a-610, inclusive, as amended by this
304 act:

305 (1) "Electronic payment instrument" means a card or other tangible
306 object for the transmission of money or monetary value or payment of
307 money which contains a microprocessor chip, magnetic stripe, or other

308 means for the storage of information, that is prefunded and for which
309 the value is decremented upon each use, but does not include a card or
310 other tangible object that is redeemable by the issuer in the issuer's
311 goods or services.

312 (2) "Holder" means a person, other than a purchaser, who is either in
313 possession of a Connecticut payment instrument and is the named
314 payee thereon or in possession of a Connecticut payment instrument
315 issued or endorsed to such person or bearer or in blank. "Holder" does
316 not include any person who is in possession of a lost, stolen or forged
317 Connecticut payment instrument.

318 (3) "Licensee" means any person licensed or required to be licensed
319 pursuant to sections 36a-595 to 36a-610, inclusive, as amended by this
320 act.

321 (4) "Material litigation" means any litigation that, according to
322 generally accepted accounting principles, is deemed significant to a
323 person's financial health and would be required to be referenced in a
324 person's annual audited financial statements, report to shareholders or
325 similar documents.

326 (5) "Monetary value" means a medium of exchange, whether or not
327 redeemable in money.

328 (6) "Money order" means any check, draft, money order or other
329 payment instrument. "Money order" does not include a travelers check
330 or electronic payment instrument.

331 (7) "Money transmission" means engaging in the business of
332 receiving money or monetary value for current or future transmission
333 or the business of transmitting money or monetary value within the
334 United States or to locations outside the United States by any and all
335 means including, but not limited to, payment instrument, wire,
336 facsimile or electronic transfer or issuing stored value.

337 (8) "Net worth" means the excess of assets over liabilities as

338 determined by generally accepted accounting principles.

339 (9) "Outstanding" means, in the case of a money order, travelers
340 check, electronic payment instrument or stored value, that: (A) It is
341 sold or issued in the United States; (B) a report of it has been received
342 by a licensee from its agents; [or subagents;] and (C) it has not yet been
343 paid by the issuer.

344 (10) "Payment instrument" means a money order, travelers check or
345 electronic payment instrument that evidences either an obligation for
346 the transmission of money or monetary value or payment of money, or
347 the purchase or the deposit of funds for the purchase of such money
348 order, travelers check or electronic payment instrument. A payment
349 instrument is a "Connecticut payment instrument" if it is sold in this
350 state.

351 (11) "Permissible investment" means: (A) Cash in United States
352 currency; (B) time deposits, as defined in section 36a-2, or other debt
353 instruments of a bank; (C) bills of exchange or bankers acceptances
354 which are eligible for purchase by member banks of the Federal
355 Reserve System; (D) commercial paper of prime quality; (E) interest-
356 bearing bills, notes, bonds, debentures or other obligations issued or
357 guaranteed by: (i) The United States or any of its agencies or
358 instrumentalities, or (ii) any state, or any agency, instrumentality,
359 political subdivision, school district or legally constituted authority of
360 any state if such investment is of prime quality; (F) interest-bearing
361 bills or notes, or bonds, debentures or preferred stocks, traded on any
362 national securities exchange or on a national over-the-counter market,
363 if such debt or equity investments are of prime quality; (G) receivables
364 due from selling agents consisting of the proceeds of the sale of
365 payment instruments which are not past due or doubtful of collection;
366 (H) gold; and (I) any other investments approved by the
367 commissioner. Notwithstanding the provisions of this subdivision, if
368 the commissioner at any time finds that an investment of a licensee is
369 unsatisfactory for investment purposes, the investment shall not

370 qualify as a permissible investment.

371 (12) "Prime quality" of an investment means that it is within the top
372 four rating categories in any rating service recognized by the
373 commissioner unless the commissioner determines for any licensee
374 that only those investments in the top three rating categories qualify as
375 "prime quality".

376 (13) "Purchaser" means a person who buys or has bought a
377 Connecticut payment instrument or who has given money or
378 monetary value for current or future transmission.

379 (14) "Stored value" means monetary value that is evidenced by an
380 electronic record. For the purposes of this subdivision, "electronic
381 record" means information that is stored in an electronic medium and
382 is retrievable in perceivable form.

383 (15) "Travelers check" means a payment instrument for the payment
384 of money that contains a provision for a specimen signature of the
385 purchaser to be completed at the time of a purchase of the instrument
386 and a provision for a countersignature of the purchaser to be
387 completed at the time of negotiation.

388 (16) "Unsafe or unsound practice" means a practice or conduct by a
389 licensee or an agent of such licensee that is likely to result in a material
390 loss, insolvency or dissipation of the licensee's assets or otherwise
391 materially prejudice the interests of purchasers.

392 Sec. 14. Subsection (a) of section 36a-597 of the general statutes is
393 repealed and the following is substituted in lieu thereof (*Effective*
394 *October 1, 2009*):

395 (a) No person shall engage in the business of issuing Connecticut
396 payment instruments, or engage in the business of money
397 transmission, without [first obtaining] a license [from] issued by the
398 commissioner as provided in section 36a-600, as amended by this act.
399 No person shall engage in such business or in the business of selling

400 Connecticut payment instruments as an agent, [or subagent,] except as
401 an agent [or subagent] of a [licensee] person that has been issued a
402 license by the commissioner as provided in section 36a-600, as
403 amended by this act, or an entity or a person exempt under section
404 36a-609, as amended by this act, and in accordance with section 36a-
405 607, as amended by this act. The licensee and the agent shall promptly
406 notify the commissioner, in writing, of the termination of the contract
407 between such licensee and agent.

408 Sec. 15. Section 36a-598 of the general statutes is repealed and the
409 following is substituted in lieu thereof (*Effective October 1, 2009*):

410 (a) Each application for an original or renewal license required
411 under sections 36a-595 to 36a-610, inclusive, as amended by this act,
412 shall be made in writing and under oath to the commissioner in such
413 form as the commissioner may prescribe. The application shall include:

414 (1) The exact name of the applicant and, if incorporated, the date of
415 incorporation and the state where incorporated;

416 (2) The complete address of the principal office from which the
417 business is to be conducted [,] and of the office where the books and
418 records of the applicant are [maintained and] to be maintained; [,]
419 including the street and number, if any, and the municipality and
420 county of such offices;]

421 (3) The complete name and address of each of the applicant's
422 branches, subsidiaries, affiliates and agents, [and subagents,] if any,
423 engaging in this state in the business of selling or issuing Connecticut
424 payment instruments, or engaging in the business of money
425 transmission;

426 (4) The name, title, address and telephone number of the person to
427 whom notice of the commissioner's approval or disapproval of the
428 application shall be sent and to whom any inquiries by the
429 commissioner concerning the application shall be directed;

430 (5) The name and residence address of [(A)] the individual, if the
431 applicant is an individual; [(B)] the partners, if the applicant is a
432 partnership; [(C)] the directors, trustees, principal officers, and any
433 shareholder owning ten per cent or more of each class of its securities,
434 if the applicant is a corporation or association; or [(D)] the members, if
435 the applicant is a limited liability company; [, and sufficient
436 information pertaining to the name and address, in a form acceptable
437 to the commissioner, on such partners, directors, trustees, principal
438 officers, members, and any shareholder owning ten per cent or more of
439 each class of its securities, as the commissioner deems necessary to
440 make the findings under section 36a-600;]

441 (6) The most recently audited unconsolidated financial statement of
442 the applicant, including its balance sheet and receipts and
443 disbursements for the preceding year, prepared by an independent
444 certified public accountant acceptable to the commissioner;

445 (7) A list of the applicant's permissible investments, the book and
446 market values of such investments, and the dollar amount of the
447 applicant's aggregate outstanding payment instruments (A) as of the
448 date of the financial statement filed in accordance with subdivision (6)
449 of this subsection; and (B) as of a date no earlier than thirty business
450 days prior to the filing of the application;

451 (8) The history of material litigation [and criminal convictions] for
452 the five-year period prior to the date of the application of [(A)] the
453 individual, if the applicant is an individual; [(B)] the partners, if the
454 applicant is a partnership; [(C)] the directors, trustees, principal
455 officers and any shareholder owning ten per cent or more of each class
456 of its securities, if the applicant is a corporation or association; or [(D)]
457 the members, if the applicant is a limited liability company, and
458 sufficient information pertaining to the history of material litigation,
459 [and criminal convictions,] in a form acceptable to the commissioner,
460 on such individual or the partners, directors, trustees, principal
461 officers, members and any shareholder owning ten per cent or more of

462 each class of [its] the applicant's securities;

463 (9) (A) The history of criminal convictions for the ten-year period
464 prior to the date of the application of the individual, if the applicant is
465 an individual; the partners, if the applicant is a partnership; the
466 directors, trustees, principal officers and any shareholder owning ten
467 per cent or more of each class of its securities if the applicant is a
468 corporation or association; or the members, if the applicant is a limited
469 liability company, and (B) sufficient information pertaining to the
470 history of criminal convictions, in a form acceptable to the
471 commissioner, on such individual or the partners, directors, trustees,
472 principal officers, members and any shareholder owning ten per cent
473 or more of each class of the applicant's securities;

474 [(9)] (10) (A) The surety bond required by subsection (a) of section
475 36a-602, if applicable;

476 (B) A list of the investments maintained in accordance with
477 subsection (c) of section 36a-602, if applicable, and the book and
478 market values of any such investments (i) as of the date of the financial
479 statement filed in accordance with subdivision (6) of this subsection;
480 and (ii) as of a date no earlier than thirty business days prior to the
481 filing of the application;

482 [(C) The commissioner may defer compliance with the provisions of
483 this subdivision until after the commissioner rules on the application,
484 but the commissioner shall not issue a license until an applicant
485 complies with the provisions of this subdivision;]

486 [(10)] (11) A statement of whether the applicant will engage in the
487 business of issuing money orders, travelers checks or electronic
488 payment instruments or engage in the business of money transmission
489 in this state; and

490 [(11)] (12) Any other information the commissioner may require.

491 (b) An applicant or licensee shall promptly notify the commissioner,

492 in writing, of any change in the information provided in the
493 application for license or most recent renewal of such license.

494 (c) A licensee shall not change the name specified on its license
495 unless, prior to such change in name, the licensee files an application
496 with the commissioner accompanied by the name change fee specified
497 in subsection (a) of section 36a-599 and receives the approval of the
498 commissioner.

499 (d) A licensee shall provide a written notice to the commissioner no
500 later than one business day after the licensee has reason to know of the
501 occurrence of any of the following events:

502 (1) The filing of a petition by or against the licensee under the
503 United States Bankruptcy Code for bankruptcy or reorganization;

504 (2) The filing of a petition by or against the licensee for receivership,
505 the commencement of any other judicial or administrative proceeding
506 for its dissolution or reorganization, or the making of a general
507 assignment for the benefit of its creditors;

508 (3) The commencement of a proceeding to revoke or suspend its
509 license to engage in money transmission in another state or foreign
510 country, or other formal or informal regulatory action by any
511 governmental agency against the licensee and the reasons therefor;

512 (4) The commencement of any action by the Attorney General or the
513 attorney general of any other state and the reasons therefor;

514 (5) The cancellation or other impairment of the licensee's bond or
515 other security, including notice of claims filed against the licensee's
516 bond or other security;

517 (6) A conviction of the licensee or of a partner, director, trustee,
518 principal officer, member or shareholder owning ten per cent or more
519 of each class of the licensee's securities for a misdemeanor involving
520 the money transmission business or the business of issuing

521 Connecticut payment instruments, or a felony; or

522 (7) A conviction of its agent for a felony.

523 Sec. 16. Section 36a-600 of the general statutes is repealed and the
524 following is substituted in lieu thereof (*Effective October 1, 2009*):

525 (a) Upon the filing of an application for an original license, and the
526 payment of the fees for investigation and license, the commissioner
527 shall investigate the financial condition and responsibility, financial
528 and business experience, character and general fitness of the applicant.
529 The commissioner shall approve conditionally any application, if the
530 commissioner finds that:

531 (1) The applicant's financial condition is sound;

532 (2) The applicant's business will be conducted honestly, fairly,
533 equitably, carefully and efficiently within the purposes and intent of
534 sections 36a-595 to 36a-610, inclusive, as amended by this act, and in a
535 manner commanding the confidence and trust of the community;

536 (3) (A) If the applicant is an individual, such individual is in all
537 respects properly qualified and of good character, (B) if the applicant is
538 a partnership, each partner is in all respects properly qualified and of
539 good character, (C) if the applicant is a corporation or association, each
540 president, chairperson of the executive committee, senior officer
541 responsible for the corporation's business, chief financial officer or any
542 other person who performs similar functions as determined by the
543 commissioner, director, trustee and each shareholder owning ten per
544 cent or more of each class of the securities of such corporation is in all
545 respects properly qualified and of good character, or (D) if the
546 applicant is a limited liability company, each member is in all respects
547 properly qualified and of good character;

548 (4) The applicant is in compliance with the provisions of sections
549 36a-603 and 36a-604;

550 (5) No person on behalf of the applicant knowingly has made any
551 incorrect statement of a material fact in the application, or in any
552 report or statement made pursuant to sections 36a-595 to 36a-610,
553 inclusive, as amended by this act; and [;]

554 (6) No person on behalf of the applicant knowingly has omitted to
555 state any material fact necessary to give the commissioner any
556 information lawfully required by the commissioner.

557 (b) If the commissioner conditionally approves an application, the
558 applicant shall have thirty days from the date of such appeal, [which
559 the commissioner may extend for cause,] to comply with the
560 requirements of section 36a-602, as amended by this act. The
561 commissioner may extend the time for compliance for cause. Upon
562 such compliance, the commissioner's conditional approval shall
563 become final, and the commissioner shall issue a license to the
564 applicant. The commissioner shall not issue a license to any applicant
565 unless the applicant is in compliance with all the requirements of
566 subsection (a) of this section and section 36a-602, as amended by this
567 act, and has paid the investigation and license fee required under
568 section 36a-599.

569 (c) The commissioner may deny an application if the commissioner
570 finds that the applicant or any of its partners, directors, trustees,
571 principal officers or shareholders owning ten per cent or more of the
572 shares of the applicant or members have been convicted, during the
573 ten-year period prior to the date of application, of any misdemeanor
574 involving any aspect of the money transmission business or the
575 business of issuing Connecticut payment instruments, or any felony.
576 Any denial of an application by the commissioner shall, when
577 applicable, be subject to the provisions of section 46a-80.

578 Sec. 17. Subsection (b) of section 36a-602 of the general statutes is
579 repealed and the following is substituted in lieu thereof (*Effective*
580 *October 1, 2009*):

581 (b) The surety company may cancel the bond at any time by a
582 written notice to the licensee, stating the date cancellation shall take
583 effect. Such notice shall be sent by certified mail to the licensee at least
584 thirty days prior to the date of cancellation. A surety bond shall not be
585 cancelled unless the surety company notifies the commissioner in
586 writing not less than thirty days prior to the effective date of
587 cancellation. After receipt of such notification from the surety
588 company, the commissioner shall give written notice to the licensee of
589 the date such bond cancellation shall take effect. The commissioner
590 shall automatically suspend the license on [the] such date, [the
591 cancellation takes effect,] unless the [surety bond has been replaced or
592 renewed,] licensee, prior to such date, submits (1) a letter of
593 reinstatement of the bond from the surety company, (2) a new bond,
594 (3) evidence that all of the principal sum of such surety bond has been
595 invested as provided in subsection (c) of this section, [or] (4) a new
596 bond that replaces the surety bond [has been replaced] in part and
597 evidence that the remaining part of the principal sum of such surety
598 bond has been invested as provided in subsection (c) of this section, or
599 [unless] (5) evidence that the licensee has ceased business and has
600 [voluntarily] surrendered the license. [The] After a license has been
601 automatically suspended, the commissioner shall give the licensee
602 notice of the automatic suspension pending proceedings for revocation
603 or refusal to renew such license and an opportunity for a hearing on
604 such actions in accordance with section 36a-51, as amended by this act,
605 and require the licensee to take or refrain from taking such action as in
606 the opinion of the commissioner will effectuate the purposes of this
607 section.

608 Sec. 18. Section 36a-605 of the general statutes is repealed and the
609 following is substituted in lieu thereof (*Effective October 1, 2009*):

610 In connection with the examination of a licensee under section 36a-
611 17, the commissioner may also examine the agents [and subagents] of
612 such licensee. The commissioner, in lieu of conducting an examination,
613 may accept the report of examination of any other state or federal

614 supervisory agency or any organization affiliated with or representing
615 such supervisory agency with respect to the examination or other
616 supervision of any person subject to the provisions of sections 36a-595
617 to 36a-610, inclusive, as amended by this act, or a report prepared by
618 an independent accounting firm, and reports so accepted are
619 considered for purposes of sections 36a-595 to 36a-610, inclusive, as
620 amended by this act, as an official examination report of the
621 commissioner.

622 Sec. 19. Section 36a-607 of the general statutes is repealed and the
623 following is substituted in lieu thereof (*Effective October 1, 2009*):

624 (a) A licensee may conduct its business at one or more locations
625 within this state as follows:

626 (1) The business may be conducted by the licensee or through or by
627 means of such agents [and subagents] as the licensee may periodically
628 designate or appoint. An agent may not engage in the business of
629 issuing Connecticut payment instruments or the business of money
630 transmission on behalf of a licensee through or by means of a
631 subagent.

632 (2) No license under sections 36a-595 to 36a-610, inclusive, as
633 amended by this act, shall be required of any agent [or subagent] of a
634 licensee.

635 (3) Each agent [and subagent] of a licensee shall, from the moment
636 of receipt, hold the proceeds of a sale or delivery of a licensee's
637 Connecticut payment instruments in trust for the benefit of such
638 licensee. [or of an agent of the licensee on behalf of such licensee.]

639 (4) A licensee shall be liable for the loss caused to any purchaser or
640 holder of the licensee's Connecticut payment instruments by the failure
641 of an agent [or subagent] of the licensee to forward to the licensee the
642 amount due from the proceeds of a sale or delivery of the licensee's
643 Connecticut payment instruments, or money or monetary value

644 received for transmission.

645 (5) The licensee shall enter into a contract with each of its agents that
646 requires the agent to operate in full compliance with sections 36a-595
647 to 36a-610, inclusive, as amended by this act, and provides that
648 appointment of the agent is not effective during any period when the
649 license of the licensee has been suspended. The licensee shall provide
650 each such agent with policies and procedures sufficient to ensure
651 compliance with sections 36a-595 to 36a-610, inclusive, as amended by
652 this act.

653 (6) An agent of a licensee shall remit all money owing to the licensee
654 in accordance with the terms of the contract between the licensee and
655 the agent.

656 (7) An agent of a licensee shall not provide money transmission
657 services outside the scope of activity permissible under the contract
658 between the agent and the licensee.

659 (b) For purposes of subsection (a) of this section, a licensee [shall
660 include] means any person that has obtained a license from the
661 commissioner as provided in section 36a-600, as amended by this act,
662 and any entity or person exempt under section 36a-609, as amended by
663 this act.

664 Sec. 20. Section 36a-608 of the general statutes is repealed and the
665 following is substituted in lieu thereof (*Effective October 1, 2009*):

666 (a) The commissioner shall make such investigations and conduct
667 such hearings as the commissioner considers necessary to determine
668 whether any licensee or any other person has violated or is about to
669 violate any of the provisions of sections 36a-595 to 36a-610, inclusive,
670 as amended by this act, or whether any licensee has acted in such
671 manner as otherwise would justify the suspension or revocation of the
672 license. The provisions of section 36a-17 shall apply to such
673 investigation.

674 (b) The commissioner may suspend or revoke a license or take any
675 other action, in accordance with section 36a-51, as amended by this act,
676 on any ground on which the commissioner might refuse to issue an
677 original license, for any violation of sections 36a-595 to 36a-610,
678 inclusive, as amended by this act, or of any regulation adopted under
679 said sections, for noncompliance with an order [which] that the
680 commissioner may issue under said sections to a licensee, [or] for
681 failure of the licensee to pay a judgment ordered by any court within
682 or outside this state within thirty days after the judgment becomes
683 final or within thirty days after expiration or termination of a stay of
684 execution of the judgment, for engaging in fraud, intentional
685 misrepresentation or gross negligence, or for engaging in an unsafe
686 and unsound practice.

687 (c) Whenever it appears to the commissioner that any person has
688 violated, is violating or is about to violate any provision of sections
689 36a-595 to 36a-610, inclusive, as amended by this act, or any regulation
690 adopted under said sections, or any licensee has failed to pay a
691 judgment ordered by any court within or outside of this state thirty
692 days after the date on which the judgment becomes final or thirty days
693 after the date of the expiration or termination of a stay of execution of
694 the judgment, or engaged in fraud, intentional misrepresentation or
695 gross negligence, or engaged in an unsafe and unsound practice, the
696 commissioner may take action against such person in accordance with
697 [section] sections 36a-50 and 36a-52.

698 (d) [The commissioner may order a licensee to terminate its agency
699 relationship with any agent or subagent who refuses to allow an
700 examination of its books and records regarding the business of such
701 licensee as provided in section 36a-605.] The commissioner may order
702 a licensee to terminate its agency relationship with any agent if the
703 commissioner finds that: (1) The agent violated any provision of
704 sections 36a-595 to 36a-610, inclusive, as amended by this act, or any
705 regulation adopted under said sections or any other law or regulation
706 applicable to the conduct of its business; (2) the agent refused to allow

707 an examination of its books and records regarding the business of such
708 licensee as provided in section 36a-605, as amended by this act; (3) the
709 agent engaged in fraud, intentional misrepresentation, or gross
710 negligence or misappropriated funds; (4) the agent has been convicted
711 of a violation of a state or federal anti-money laundering statute; (5)
712 the competence, experience, character or general fitness of the agent or
713 a manager, partner, director, trustee, principal officer, member or
714 shareholder owning ten per cent or more of each class of the agent's
715 securities demonstrates that it would not be in the public interest to
716 permit such agent to engage in the business of issuing Connecticut
717 payment instruments or the business of money transmission on behalf
718 of a licensee; or (6) the agent is engaging in an unsafe or unsound
719 practice.

720 Sec. 21. Section 36a-609 of the general statutes is repealed and the
721 following is substituted in lieu thereof (*Effective October 1, 2009*):

722 The provisions of sections 36a-597 to 36a-606a, inclusive, as
723 amended by this act, shall not apply to:

724 (1) Any federally insured federal bank, out-of-state bank, federal
725 credit union or out-of-state credit union, provided such institution
726 does not issue or sell Connecticut payment instruments or transmit
727 money or monetary value through an agent [or subagent] which is not
728 a federally insured bank, out-of-state bank, Connecticut credit union,
729 federal credit union or out-of-state credit union;

730 (2) Any Connecticut bank or Connecticut credit union;

731 (3) The United States Postal Service; and

732 (4) A person whose activity is limited to the electronic funds transfer
733 of governmental benefits for or on behalf of a federal, state or other
734 governmental agency, quasi-governmental agency or government
735 sponsored enterprise.

736 Sec. 22. Subsection (c) of section 36a-647 of the general statutes is

737 repealed and the following is substituted in lieu thereof (*Effective*
738 *October 1, 2009*):

739 (c) Whenever the commissioner has reason to believe that any
740 person has violated, is violating or is about to violate any provision of
741 sections 36a-645 to 36a-647, inclusive, as amended by this act, or any
742 regulation adopted under this section, the commissioner may take
743 action against such person in accordance with [section] sections 36a-50
744 and 36a-52.

745 Sec. 23. Section 36a-655 of the general statutes is repealed and the
746 following is substituted in lieu thereof (*Effective October 1, 2009*):

747 As used in sections 36a-655 to 36a-665, inclusive, as amended by this
748 act, "bona fide nonprofit organization" means any organization that is
749 exempt from taxation under Section 501(c)(3) of the Internal Revenue
750 Code of 1986, or any subsequent corresponding internal revenue code
751 of the United States, as from time to time amended; "debt adjustment"
752 means (1) receiving, as agent of a debtor, money or evidences thereof
753 for the purpose of distributing such money or evidences thereof
754 among creditors in full or partial payment of obligations of the debtor,
755 or (2) arranging or assisting a debtor to arrange for the distribution of
756 one or more payments to or among one or more creditors of the debtor
757 in full or partial payment of the debtor's obligations, or (3) negotiating
758 the terms of a debtor's obligations with one or more creditors of the
759 debtor, including the term, interest rate, installment payments, loan
760 balance or amount necessary for a creditor to release any liens on
761 property securing the debtor's obligation; and "debtor" means any
762 individual who has incurred indebtedness or owes a debt for personal,
763 family or household purposes.

764 Sec. 24. Section 36a-656 of the general statutes is repealed and the
765 following is substituted in lieu thereof (*Effective October 1, 2009*):

766 (a) No person, other than a bona fide nonprofit organization, shall
767 engage in the business of debt adjustment in this state. No bona fide

768 nonprofit organization shall engage in the business of debt adjustment
769 in this state without a debt adjuster license. Any bona fide nonprofit
770 organization desiring to obtain such a license shall file with the
771 commissioner an application under oath, setting forth such
772 information as the commissioner may require. Each applicant for a
773 license and each licensee shall notify the commissioner of any change
774 in the applicant's business from that stated in the application for the
775 license.

776 (b) An application for a debt adjuster license or renewal of such
777 license shall be in writing on a form provided by the commissioner
778 and shall include (1) the history of criminal convictions for the ten-year
779 period prior to the date of the application of the applicant; the
780 partners, if the applicant is a partnership; the members, if the applicant
781 is a limited liability company or association; or the officers, directors
782 and principal employees if the applicant is a corporation, and (2)
783 sufficient information pertaining to the history of criminal convictions,
784 in a form acceptable to the commissioner, on such applicant, partners,
785 directors, members, officers, directors and principal employees as the
786 commissioner deems necessary to make the findings under subsection
787 (c) of this section.

788 ~~[(b)]~~ (c) If the commissioner finds, upon the filing of an application
789 for a debt adjuster license, that: (1) The financial responsibility,
790 character, reputation, integrity and general fitness of the applicant and
791 of the partners thereof if the applicant is a partnership, of the members
792 if the applicant is a limited liability company or association, and of the
793 officers, directors and principal employees if the applicant is a
794 corporation, are such as to warrant belief that the business will be
795 operated soundly and efficiently, in the public interest and consistent
796 with the purposes of sections 36a-655 to 36a-665, inclusive, as amended
797 by this act; and (2) the applicant is solvent and no proceeding in
798 bankruptcy, receivership or assignment for the benefit of creditors has
799 been commenced against the applicant, the commissioner may
800 thereupon issue the applicant a debt adjuster license. If the

801 commissioner fails to make such findings, the commissioner shall not
802 issue a license and shall notify the applicant of the reasons for such
803 denial. The commissioner may deny an application if the
804 commissioner finds that the applicant or any partner, member, officer,
805 director or principal employee of the applicant has been convicted,
806 during the ten-year period prior to the date of application, of any
807 misdemeanor involving any aspect of the debt adjuster business, or
808 any felony. Any denial of an application by the commissioner shall,
809 when applicable, be subject to the provisions of section 46a-80.
810 Withdrawal of an application for a license shall become effective upon
811 receipt by the commissioner of a notice of intent to withdraw such
812 application. The commissioner may deny a license up to the date one
813 year after the effective date of withdrawal.

814 [(c)] (d) Each applicant for an original debt adjuster license shall, at
815 the time of making such application, pay to the commissioner an
816 application fee of two hundred fifty dollars. Each such license shall
817 expire at the close of business on September thirtieth of the odd-
818 numbered year following its issuance unless such license is renewed.
819 [Any license issued prior to October 1, 2002, shall expire on September
820 30, 2003, unless renewed.] Each licensee shall, on or before September
821 first of the year in which the license expires, file such renewal
822 application as the commissioner may require.

823 [(d)] (e) If the commissioner determines that a check filed with the
824 commissioner to pay an application fee has been dishonored, the
825 commissioner shall automatically suspend the license or a renewal
826 license that has been issued but is not yet effective. The commissioner
827 shall give the licensee notice of the automatic suspension pending
828 proceedings for revocation or refusal to renew and an opportunity for
829 a hearing on such actions in accordance with section 36a-51, as
830 amended by this act.

831 [(e)] (f) No abatement of the license fee shall be made if the license is
832 surrendered, revoked or suspended prior to the expiration of the

833 period for which it was issued. The fee required by subsection [(c)] (d)
834 of this section shall be nonrefundable.

835 Sec. 25. Subsection (b) of section 36a-664 of the general statutes is
836 repealed and the following is substituted in lieu thereof (*Effective*
837 *October 1, 2009*):

838 (b) The surety or insurance company shall have the right to cancel
839 any bond or insurance policy written or issued under subsection (a) of
840 this section at any time by a written notice to the licensee, stating the
841 date cancellation shall take effect. Such notice shall be sent by certified
842 mail to the licensee at least thirty days prior to the date of cancellation.
843 No such bond shall be cancelled unless the surety or insurance
844 company notifies the commissioner in writing not less than thirty days
845 prior to the effective date of cancellation. After receipt of such
846 notification from the surety or insurance company, the commissioner
847 shall give written notice to the licensee of the date such bond or
848 insurance policy cancellation shall take effect. The commissioner shall
849 automatically suspend the license on [the] such date, [the cancellation
850 takes effect,] unless [the bond or insurance policy has been replaced or
851 renewed. The] prior to such date the licensee submits a letter of
852 reinstatement of the bond or insurance policy from the surety or
853 insurance company or a new bond or insurance policy or the licensee
854 has surrendered the license. After a license has been automatically
855 suspended, the commissioner shall give the licensee notice of the
856 automatic suspension pending proceedings for revocation or refusal to
857 renew and an opportunity for a hearing on such actions in accordance
858 with section 36a-51, as amended by this act, and require the licensee to
859 take or refrain from taking such action as in the opinion of the
860 commissioner will effectuate the purposes of this section.

861 Sec. 26. Section 36a-718 of the general statutes is repealed and the
862 following is substituted in lieu thereof (*Effective October 1, 2009*):

863 If the commissioner determines that any mortgage servicing
864 company has violated any provision of section 36a-716, the

865 commissioner may [.] take action against such mortgage servicing
866 company in accordance with [section] sections 36a-50 and 36a-52. [,
867 order the mortgage servicing company to cease and desist from such
868 violation.] The commissioner may also order the mortgage servicing
869 company to make restitution to the mortgagor upon fourteen days'
870 notice in writing. Such notice shall be sent by certified mail, return
871 receipt requested, or by any express delivery carrier that provides a
872 dated delivery receipt, to the principal place of business of the
873 mortgage servicing company and shall state the grounds for the
874 contemplated action. Within fourteen days of receipt of the notice, the
875 mortgage servicing company may file a written request for a hearing.
876 If a hearing is requested, the commissioner shall not issue an order to
877 make restitution until after such hearing is held. Such hearing shall be
878 conducted in accordance with the provisions of chapter 54.

879 Sec. 27. Subdivision (1) of subsection (b) of section 36a-801 of the
880 general statutes is repealed and the following is substituted in lieu
881 thereof (*Effective October 1, 2009*):

882 (b) (1) Any person desiring to act within this state as a consumer
883 collection agency shall make a written application to the commissioner
884 for such license in such form as the commissioner prescribes. Such
885 application shall be accompanied by (A) a financial statement prepared
886 by a certified public accountant or a public accountant, the accuracy of
887 which is sworn to under oath before a notary public by the proprietor,
888 a general partner or a corporate officer or a member duly authorized to
889 execute such documents, (B) the history of criminal convictions for the
890 ten-year period prior to the date of the application of the applicant; (C)
891 a license fee of eight hundred dollars, or in the case of an initial
892 application that is filed not earlier than one year before the date such
893 license will expire, a license fee of four hundred dollars, and [(C)] (D)
894 an investigation fee of one hundred dollars. The commissioner shall
895 cause to be made such inquiry and examination as to the qualifications
896 of each such applicant as the commissioner deems necessary. Each
897 applicant shall furnish satisfactory evidence to the commissioner that

898 the applicant is a person of good moral character and is financially
899 responsible. If the commissioner is satisfied that such applicant is in all
900 respects properly qualified and trustworthy and that the granting of
901 such license is not against the public interest, the commissioner may
902 issue to such applicant a license, in such form as the commissioner
903 may adopt, to act within this state as a consumer collection agency.
904 The commissioner may deny an application if the commissioner finds
905 that the applicant has been convicted, during the ten-year period prior
906 to the date of application, of any misdemeanor involving any aspect of
907 the consumer collection agency business, or any felony. Any denial of
908 an application by the commissioner shall, when applicable, be subject
909 to the provisions of section 46a-80. Any such license issued by the
910 commissioner shall expire at the close of business on September
911 thirtieth of the odd-numbered year following its issuance, unless such
912 license is renewed. [, provided any license that is renewed effective
913 May 1, 2003, shall expire on September 30, 2005.] The commissioner
914 may renew such application, in the commissioner's discretion, upon
915 filing of a proper renewal application accompanied by a license fee of
916 eight hundred dollars, [or in the case of an application for renewal of a
917 license that expires on April 30, 2003, a license fee of one thousand
918 dollars,] and satisfactory proof that such applicant at that time
919 possesses the required qualifications for the license. The commissioner
920 may deny a renewal application if the commissioner finds that the
921 applicant has been convicted, during the ten-year period prior to the
922 date of application, of any misdemeanor involving any aspect of the
923 consumer collection agency business, or any felony. Any denial of an
924 application by the commissioner shall, when applicable, be subject to
925 the provisions of section 46a-80. Such renewal application shall be filed
926 with the commissioner on or before September first of the year in
927 which the license expires. [, or in the case of a license that expires on
928 April 30, 2003, on or before April 1, 2003.] Any renewal application
929 filed with the commissioner after September first [, or in the case of a
930 license that expires on April 30, 2003, after April 1, 2003,] shall be
931 accompanied by a one-hundred-dollar late fee and any such filing shall

932 be deemed to be timely and sufficient for purposes of subsection (b) of
933 section 4-182. Whenever an application for a license, other than a
934 renewal application, is filed under sections 36a-800 to 36a-810,
935 inclusive, as amended by this act, by any person who was a licensee
936 under said sections 36a-800 to 36a-810, inclusive, as amended by this
937 act, and whose license expired less than sixty days prior to the date
938 such application was filed, such application shall be accompanied by a
939 one-hundred-dollar processing fee in addition to the application fee.
940 To further the enforcement of this section and to determine the
941 eligibility of any person holding a license, the commissioner may, as
942 often as the commissioner deems necessary, examine the licensee's
943 books and records, and may, at any time, require the licensee to submit
944 such a financial statement for the examination of the commissioner, so
945 that the commissioner may determine whether the licensee is
946 financially responsible to carry on a consumer collection agency
947 business within the intents and purposes of sections 36a-800 to 36a-
948 810, inclusive, as amended by this act. Any financial statement
949 submitted by a licensee shall be confidential and shall not be a public
950 record unless introduced in evidence at a hearing conducted by the
951 commissioner. The applicant or licensee shall notify the commissioner,
952 in writing, of any change in the information provided in its initial
953 application for license or most recent renewal application for such
954 license, as applicable, not later than ten business days after the
955 occurrence of the event that results in such information becoming
956 inaccurate.

957 Sec. 28. Subsections (a) and (b) of section 36a-802 of the general
958 statutes are repealed and the following is substituted in lieu thereof
959 (*Effective October 1, 2009*):

960 (a) No such license and no renewal thereof shall be granted unless
961 the applicant has filed with the commissioner a bond to the people of
962 the state in the penal sum of [five] twenty-five thousand dollars,
963 approved by the Attorney General as to form and by the commissioner
964 as to sufficiency of the security thereof. Such bond shall be conditioned

965 that such licensee shall well, truly and faithfully account for all funds
966 entrusted to the licensee and collected and received by the licensee in
967 the licensee's capacity as a consumer collection agency. Any person
968 who may be damaged by the wrongful conversion of any creditor,
969 consumer debtor or property tax debtor funds received by such
970 consumer collection agency may proceed on such bond against the
971 principal or surety thereon, or both, to recover damages. The
972 commissioner may proceed on such bond against the principal or
973 surety thereon, or both, to collect any civil penalty imposed upon the
974 licensee pursuant to subsection (a) of section 36a-50. The proceeds of
975 the bond, even if commingled with other assets of the licensee, shall be
976 deemed by operation of law to be held in trust for the benefit of such
977 claimants against the licensee in the event of bankruptcy of the licensee
978 and shall be immune from attachment by creditors and judgment
979 creditors. The bond shall run concurrently with the period of the
980 license granted to the applicant, and the aggregate liability under the
981 bond shall not exceed the penal sum of the bond.

982 (b) The surety company shall have the right to cancel the bond at
983 any time by a written notice to the licensee stating the date cancellation
984 shall take effect. Such notice shall be sent by certified mail to the
985 licensee at least thirty days prior to the date of cancellation. A surety
986 bond shall not be cancelled unless the surety company notifies the
987 commissioner in writing not less than thirty days prior to the effective
988 date of cancellation. After receipt of such notification from the surety
989 company, the commissioner shall give written notice to the licensee of
990 the date such bond cancellation shall take effect. The commissioner
991 shall automatically suspend the license on [the] such date, [the
992 cancellation takes effect,] unless the [surety bond has been replaced or
993 renewed. The] licensee prior to such date submits a letter of
994 reinstatement of the bond from the surety company or a new bond or
995 the licensee has ceased business and has surrendered its license. After
996 a license has been automatically suspended, the commissioner shall
997 give the licensee notice of the automatic suspension pending
998 proceedings for revocation or refusal to renew and an opportunity for

999 a hearing on such actions in accordance with section 36a-51, as
1000 amended by this act, and require the licensee to take or refrain from
1001 taking such action as in the opinion of the commissioner will effectuate
1002 the purposes of this section.

1003 Sec. 29. Subsection (a) of section 36a-806 of the general statutes is
1004 repealed and the following is substituted in lieu thereof (*Effective*
1005 *October 1, 2009*):

1006 (a) No consumer collection agency shall engage in this state in any
1007 practice which is prohibited in section 36a-805 or determined pursuant
1008 to [sections 36a-807 and] section 36a-808, as amended by this act, to be
1009 an unfair or deceptive act or practice, nor shall any consumer
1010 collection agency engage outside of this state in any act or practice
1011 prohibited in said section 36a-805. The commissioner shall have power
1012 to examine the affairs of every consumer collection agency in this state
1013 in order to determine whether it has been or is engaged in any act or
1014 practice prohibited by sections 36a-805 to 36a-808, inclusive, as
1015 amended by this act.

1016 Sec. 30. Section 36a-807 of the general statutes is repealed and the
1017 following is substituted in lieu thereof (*Effective October 1, 2009*):

1018 [(a) If the commissioner determines that any person has been
1019 engaged, or is engaging, in violations of sections 36a-801 to 36a-808,
1020 inclusive, in any act or practice prohibited in section 36a-805, or in
1021 violations of any regulations issued pursuant to section 36a-809, the
1022 commissioner may order such person to cease and desist from such
1023 practices in accordance with section 36a-52. In that connection, the
1024 commissioner may exercise the powers contained in section 36a-17.]

1025 [(b)] No order of the commissioner under sections 36a-805 to 36a-
1026 808, inclusive, as amended by this act, shall relieve or absolve any
1027 person affected by such order from any liability under any other laws
1028 of this state.

1029 Sec. 31. Section 36a-808 of the general statutes is repealed and the
1030 following is substituted in lieu thereof (*Effective October 1, 2009*):

1031 Whenever the commissioner has reason to believe that any
1032 consumer collection agency is engaging in this state in any act or
1033 practice in the conduct of such business which is not defined in section
1034 36a-805, and that such act or practice is unfair or deceptive, [or
1035 whenever it appears to the commissioner that any consumer collection
1036 agency or other person has violated, is violating, or is about to violate
1037 any provision of sections 36a-800 to 36a-810, inclusive, or any
1038 regulation adopted pursuant to section 36a-809,] the commissioner
1039 may take action against such consumer collection agency [or person] in
1040 accordance with section 36a-50.

1041 Sec. 32. Section 36a-555 of the general statutes is repealed and the
1042 following is substituted in lieu thereof (*Effective October 1, 2009*):

1043 No person shall (1) engage in the business of making loans of
1044 money or credit; (2) make, offer, broker or assist a borrower in
1045 Connecticut to obtain such a loan; or (3) in whole or in part, arrange
1046 such loans through a third party or act as an agent for a third party,
1047 regardless of whether approval, acceptance or ratification by the third
1048 party is necessary to create a legal obligation for the third party,
1049 through any method, including, but not limited to, mail, telephone,
1050 internet or any electronic means, in the amount or to the value of
1051 fifteen thousand dollars or less for loans made under section 36a-563 or
1052 section 36a-565, and charge, contract for or receive a greater rate of
1053 interest, charge or consideration than twelve per cent per annum
1054 therefor, unless licensed to do so by the commissioner pursuant to
1055 sections 36a-555 to 36a-573, inclusive, as amended by this act. The
1056 provisions of this section shall not apply to [(1)] (A) a bank, [(2)] (B) an
1057 out-of-state bank, [(3)] (C) a Connecticut credit union, [(4)] (D) a
1058 federal credit union, [(5)] (E) an out-of-state credit union, [(6)] (F) a
1059 savings and loan association wholly owned subsidiary service
1060 corporation, [(7)] (G) a person to the extent that such person makes

1061 loans for agricultural, commercial, industrial or governmental use or
1062 extends credit through an open-end credit plan, as defined in
1063 subdivision (8) of subsection (a) of section 36a-676, for the retail
1064 purchase of consumer goods or services, [(8)] (H) a mortgage lender or
1065 mortgage correspondent lender licensed pursuant to sections 36a-485
1066 to 36a-498a, inclusive, as amended by this act, when making first
1067 mortgage loans, as defined in section 36a-485, or [(9)] (I) a licensed
1068 pawnbroker.

1069 Sec. 33. Section 36a-573 of the general statutes is repealed and the
1070 following is substituted in lieu thereof (*Effective October 1, 2009*):

1071 (a) No person, except as authorized by the provisions of sections
1072 36a-555 to 36a-573, inclusive, as amended by this act, shall, directly or
1073 indirectly, charge, contract for or receive any interest, charge or
1074 consideration greater than twelve per cent per annum upon the loan,
1075 use or forbearance of money or credit of the amount or value of (1) five
1076 thousand dollars or less for any such transaction entered into before
1077 October 1, 1997, and (2) fifteen thousand dollars or less for any such
1078 transaction entered into on and after October 1, 1997. The provisions of
1079 this section shall apply to any person who, as security for any such
1080 loan, use or forbearance of money or credit, makes a pretended
1081 purchase of property from any person and permits the owner or
1082 pledgor to retain the possession thereof, or who, by any device or
1083 pretense of charging for the person's services or otherwise, seeks to
1084 obtain a greater compensation than twelve per cent per annum. No
1085 loan for which a greater rate of interest or charge than is allowed by
1086 the provisions of sections 36a-555 to 36a-573, inclusive, as amended by
1087 this act, has been contracted for or received, wherever made, shall be
1088 enforced in this state, and any person in any way participating therein
1089 in this state shall be subject to the provisions of said sections, provided,
1090 a loan lawfully made after June 5, 1986, in compliance with a validly
1091 enacted licensed loan law of another state to a borrower who was not,
1092 at the time of the making of such loan, a resident of Connecticut but
1093 who has become a resident of Connecticut, may be acquired by a

licensee and its interest provision shall be enforced in accordance with its terms.

(b) The provisions of subsection (a) of this section shall apply to any loan made or renewed in this state if the loan is made to a borrower who resides in or maintains a domicile in this state and such borrower (1) negotiates or agrees to the terms of the loan in person, by mail, by telephone or via the Internet while physically present in this state; (2) enters into or executes a loan agreement with the lender in person, by mail, by telephone or via the Internet while physically present in this state; or (3) makes a payment of the loan in this state. As used in this subsection, "payment of the loan" includes a debit on an account the borrower holds in a branch of a financial institution or the use of a negotiable instrument drawn on an account at a financial institution, and "financial institution" means any bank or credit union chartered or licensed under the laws of this state, any other state or the United States and having its main office or a branch office in this state.

(c) Whenever it appears to the Banking Commissioner that any person has violated the provisions of subsection (a) of this section or offered a loan that violates the provisions of subsection (a), the commissioner may investigate, take administrative action or assess civil penalties and restitution in accordance with the provisions of sections 36a-50 and 36a-52.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	36a-51(c)
Sec. 2	<i>October 1, 2009</i>	36a-486(b)
Sec. 3	<i>October 1, 2009</i>	36a-489
Sec. 4	<i>October 1, 2009</i>	36a-490(e)
Sec. 5	<i>October 1, 2009</i>	36a-492(b)
Sec. 6	<i>October 1, 2009</i>	36a-537
Sec. 7	<i>October 1, 2009</i>	36a-541
Sec. 8	<i>October 1, 2009</i>	36a-556
Sec. 9	<i>October 1, 2009</i>	36a-557

Sec. 10	<i>October 1, 2009</i>	36a-581(c)
Sec. 11	<i>October 1, 2009</i>	36a-582(a)
Sec. 12	<i>October 1, 2009</i>	36a-581(e)
Sec. 13	<i>October 1, 2009</i>	36a-596
Sec. 14	<i>October 1, 2009</i>	36a-597(a)
Sec. 15	<i>October 1, 2009</i>	36a-598
Sec. 16	<i>October 1, 2009</i>	36a-600
Sec. 17	<i>October 1, 2009</i>	36a-602(b)
Sec. 18	<i>October 1, 2009</i>	36a-605
Sec. 19	<i>October 1, 2009</i>	36a-607
Sec. 20	<i>October 1, 2009</i>	36a-608
Sec. 21	<i>October 1, 2009</i>	36a-609
Sec. 22	<i>October 1, 2009</i>	36a-647(c)
Sec. 23	<i>October 1, 2009</i>	36a-655
Sec. 24	<i>October 1, 2009</i>	36a-656
Sec. 25	<i>October 1, 2009</i>	36a-664(b)
Sec. 26	<i>October 1, 2009</i>	36a-718
Sec. 27	<i>October 1, 2009</i>	36a-801(b)(1)
Sec. 28	<i>October 1, 2009</i>	36a-802(a) and (b)
Sec. 29	<i>October 1, 2009</i>	36a-806(a)
Sec. 30	<i>October 1, 2009</i>	36a-807
Sec. 31	<i>October 1, 2009</i>	36a-808
Sec. 32	<i>October 1, 2009</i>	36a-555
Sec. 33	<i>October 1, 2009</i>	36a-573

Statement of Purpose:

To implement the Governor's budget recommendations; to require licensees who surrender a license to surrender such license to the Banking Commissioner; to authorize the Banking Commissioner to institute a license suspension, revocation or refusal to renew license proceeding within one year after a license is surrendered; to prevent the issuance of certain licenses if the applicants for such a license have been convicted within the past ten years of any misdemeanor involving the type of business for which the license is sought, or of any felony; to authorize the Banking Commissioner to deny an application for any such license within one year after such application is withdrawn; to expand the definition of a "debt adjuster" to add provisions governing the making or renewing of payday loans; to amend the statutes regarding money transmission licenses; to amend the statutes concerning bond requirements for certain licensees.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]